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3 February 1988

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting of PRG on Persian Gulf, 2 February 1988

1. The PRG met on 2 February 1988 to discuss US activities related to the Persian Gulf (see Agenda attached).

2. NIO/NESA attended for the Agency, accompanied by CNE, Tom Twetton. NIO/NESA presented the intelligence briefing covering the status of the land war, shipping war, intelligence exchange with Iraq, and GCC Iranian relations. The attached talking points provided by DI/NESA formed the basis for the intelligence briefing. Also attached is a DI/NESA paper on arms shipments to Iran and Iraq. Copies of this paper were distributed to the PRG principals.

3. State (Undersecretary Armacost and Assistant Secretary Murphy) discussed US efforts toward a follow-on resolution at the UN Security Council. Armacost indicated State's intention to press this issue forcefully during February while the US chairs the Security Council. The US delegation to the UN believes that the six non-aligned members of the UNSC are on board with the resolution and is optimistic that both Chinese and Soviet support can be obtained. Armacost noted that Italy, West Germany and Japan appear to be the major stumbling blocks.

4. Operation Staunch was discussed only briefly with Armacost and INR Director Abramowitz noting that the clearance process now appears to be functioning rather smoothly. [REDACTED] attended the meeting for NSA but made no substantive contribution to the discussion.)

5. Deputy Secretary of Energy Martin reported on the status of Iranian oil sales. [REDACTED]

[REDACTED] He noted that France maintains a total boycott on Iranian oil and that Japanese purchases are far below historical levels. Japanese purchases this month may be as low as 60,000 barrels per day. Martin and NIO/NESA noted that a West German firm, MARIMPEX, is now acting as the buyer of last resort for Iranian crude. Assistant Secretary of Defense Armitage suggested that this issue be raised by Defense Secretary Carlucci this week in Bonn. State was asked to prepare talking points for Carlucci's use.

6. The bulk of the meeting was taken up by a discussion of "opportunity assistance" and the concept of operations paper drafted by DoD/ISA.

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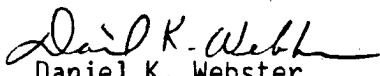
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Armitage noted the necessity of discussing this proposed expansion of US naval protection in the Gulf with the Saudis to fulfill a commitment made by Carlucci during his visit to Riyadh. State and NSC listed objections to the paper as currently drafted based on legal issues, possible applicability of the War Powers Act, and potential Congressional objections. In view of the need for early consultations with the Saudis, the PRG directed that a slightly modified version of the concept of operations should be sent to Riyadh for preliminary discussion with the Saudis. Ambassador Horan will be instructed to make very clear to Riyadh that legal questions and Congressional consultations must be taken care of prior to the implementation of this or any expansion of the protection regime. State is preparing the necessary instructions to Ambassador Horan.

7. Armitage then raised for preliminary discussion a new concept of expanding US Navy protection to US owned foreign flagged ships. He noted that this concept may be more politically palatable than the "opportunity assistance" scheme. Congressional support is more likely because of the current heavy pressure on Congress by US shipping and oil companies. Armitage also noted that the British navy has already instituted the policy of protecting British owned foreign flagged vessels.

8. Because of time limitations, there was virtually no discussion of Carlucci's trip to the Gulf and of planned 1988 arms sales to the GCC states.

9. At the end of the meeting, Ambassador Oakley asked NIO/NESA to provide talking points on Iranian arms acquisition for possible use by Carlucci in Bonn. This was done with the assistance of NESA and OGI and the talking points (copy attached) were LDX'd to State on 3 February to be forwarded to Carlucci.


Daniel K. Webster
NIO/NESA

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15	D/PERS				
16	D/Ex Staff		X		
17	D/NESA/DI		X		
18	NIO/NESA		X		
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Remarks

Executive Secretary

25 Jan '88

Date

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM II
90068

January 22, 1988

MEMORANDUM FOR MR. DONALD GREGG
Assistant to the Vice President
for National Security Affairs

MR. MELVYN LEVITSKY
Executive Secretary
Department of State

COLONEL WILLIAM M. MATZ
Executive Secretary
Department of Defense

• MR. WILLIAM V. VITALE
Executive Secretary
Department of Energy

MR. L. WAYNE ARNY
Associate Director for National
Security and International Affairs
Office of Management and Budget

MR. H. LAWRENCE SANDALL
Executive Secretary
Central Intelligence Agency

RADM. JOSEPH C. STRASSER
Office of the Chairman
Joint Chiefs of Staff


Chief of Staff
National Security Agency

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SUBJECT: Policy Review Group Meeting on
Persian Gulf Policy,
Wednesday, January 27, 1988, 3:00 - 4:00 p.m.
Situation Room (S)

The Policy Review Group Meeting on Persian Gulf Policy will be
held on Wednesday, January 27, 1988, at 3:00 - 4:00 p.m.
in the Situation Room. (S)



Paul Schott Stevens
Executive Secretary

Attachment
Tab A Agenda

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SECRETSYSTEM II
90068POLICY REVIEW GROUP MEETING

Wednesday, January 27, 1988

Situation Room

3:00 - 4:00 p.m.

PERSIAN GULFAgenda

- I. Introduction.....John Negroponte
(2 minutes)
- II. Intelligence Update.....CIA
(8 minutes)
- o Land War
 - o Shipping War
 - o Exchange with Iraq and Results
 - o GCC-Iran Relations
- III. Diplomatic Strategy.....State
(10 minutes)
- o Status Report on UNSC Effort
 - o Operation Staunch
 - o Broadening Boycott of Iranian Oil
- IV. Security EffortsDOD/JCS
(30 minutes)
- o Review of "Opportunity Assistance" Concept Paper
 - o U.S. Force Levels/Mix
 - o Cooperation with Gulf States
- V. Congress.....State/DOD
(8 minutes)
- o Briefings on Carlucci Trip and Gulf Policy
 - o CY 88 Arms Sales to GCC States
- VI. Summary.....John Negroponte
(2 minutes)

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TO (AGENCY)	DELIVER TO:	DEPT/ROOM NO.	EXTENSION
<i>B</i> STATE	MR. MELVYN LEVITSKY	EXEC. SEC.	
<i>D</i> DEFENSE	COL. WILLIAM MATZ	EXEC. SEC.	
<i>I</i> ENERGY	MR. WILLIAM VITALE	EXEC. SEC.	
<i>A</i> CIA	MR. H. LAWRENCE SANDALL	EXEC. SEC.	
<i>D</i> JCS	RADM. JOSEPH STRASSER	OFFICE OF CHAIRMAN	
<i>F</i> NSA		CHIEF OF STAFF	

REMARKS _____

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